

State of Wisconsin
Department of Natural Resources
Bureau of Community Financial Assistance
101 South Webster Street
PO Box 7921
Madison, Wisconsin 53707-7921
(608) 266-7555

Financial Assistance Agreement
Safe Drinking Water Loan Program
Form 8700-214 rev 04/18

STATE OF WISCONSIN SAFE DRINKING WATER LOAN PROGRAM

STATE OF WISCONSIN
DEPARTMENT OF NATURAL RESOURCES
DEPARTMENT OF ADMINISTRATION

and

CITY OF WAUKESHA

\$684,275

FINANCIAL ASSISTANCE AGREEMENT

Dated as of June 27, 2018

This constitutes a **Financial Assistance Agreement** under the State of Wisconsin's Safe Drinking Water Loan Program. This agreement is awarded pursuant to ss. 281.59 and 281.61, Wis. Stats. The purpose of this agreement is to award financial assistance from the Safe Drinking Water Loan Program. This agreement also discloses the terms and conditions of this award.

This agreement is only effective when signed by authorized officers of the municipality and an authorized officer of the State of Wisconsin Department of Natural Resources and State of Wisconsin Department of Administration.

The Department of Natural Resources and the Department of Administration may rescind or terminate this agreement if the municipality fails to comply with the terms and conditions contained within. Any determination or certification made in this agreement by the Department of Natural Resources or the Department of Administration is made solely for the purpose of providing financial assistance under the Safe Drinking Water Loan Program.

Municipal Identification No. 67291
Safe Drinking Water Loan Program Project No. 7000-02

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WITNESSETH:

WHEREAS, this is a FINANCIAL ASSISTANCE AGREEMENT (the "FAA"), dated June 27, 2018, between the STATE OF WISCONSIN Safe Drinking Water Loan Program (the "SDWLP"), by the Department of Natural Resources (the "DNR") and the Department of Administration (the "DOA"), acting under authority of ss. 281.59 and 281.61, Wis. Stats., as amended (the "Act"), and the City of Waukesha, a municipality within the meaning of the Act, duly organized and existing under the laws of the State of Wisconsin (the "Municipality"); and

WHEREAS, the United States, pursuant to the Federal Safe Drinking Water Act Amendments of 1996 (the "Safe Drinking Water Act"), requires each state to establish a drinking water revolving loan fund to be administered by an instrumentality of the state before the state may receive capitalization grants for eligible projects from the United States Environmental Protection Agency (the "EPA"), or any successor which may succeed to the administration of the program established by the Safe Drinking Water Act; and

WHEREAS, the State of Wisconsin has, pursuant to ss. 281.59 and 281.61, Wis. Stats., established the SDWLP to be used in part for purposes of the Safe Drinking Water Act; and

WHEREAS, the State of Wisconsin has, pursuant to s. 25.43, Wis. Stats., established a State of Wisconsin Environmental Improvement Fund which includes the SDWLP; and

WHEREAS, DNR and DOA have the joint responsibility to provide SDWLP financial assistance to municipalities for the construction of eligible drinking water projects, all as set forth in the Act; and

WHEREAS, the Municipality has submitted to DNR an application for financial assistance (the "Application") for a project (the "Project"), DNR has approved the Application, and determined the Application meets DNR criteria for Project eligibility established in applicable state statutes and regulations; and

WHEREAS, DNR has determined that the Municipality and the Project are not ineligible for financial assistance under s. 281.61(2g), Wis. Stats.; and

WHEREAS, DOA has determined the SDWLP will provide financial assistance to the Municipality by making a loan (the "Loan") pursuant to s. 281.59(9), Wis. Stats., for the purposes of that subsection; and

WHEREAS, the Municipality has pledged the security, if any, required by DOA, and the Municipality has demonstrated to the satisfaction of DOA the financial capacity to ensure sufficient revenues to operate and maintain the Project for its useful life and to pay debt service on the obligations it issues for the Project; and

WHEREAS, the Municipality certifies to the SDWLP that it has created a dedicated source of revenue, for repayment of the Loan; and

WHEREAS, approval of facility plans or engineering reports, and Plans and Specifications for the Project has been obtained by the Municipality from DNR subject to the provisions of applicable State environmental standards set forth in law, rules, and regulations;

NOW, THEREFORE, in consideration of the promises and of the mutual representations, covenants, and agreements herein set forth, the SDWLP and the Municipality, each binding itself, its successors, and assigns, do mutually promise, covenant, and agree as follows:

ARTICLE I
DEFINITIONS; RULES OF INTERPRETATION

Section 1.01. Definitions The following capitalized terms as used in this FAA shall have the following meanings:

"Act" means ss. 281.59 and 281.61, Wis. Stats., as amended.

"Application" means the written application of the Municipality dated May 25, 2017, for financial assistance under the Act.

"Bonds" means bonds or notes issued by the State pursuant to the General Resolution, all or a portion of the proceeds of which shall be applied to make the Loan.

"Business Day" means any day on which State offices are open to conduct business.

"Code" means the Internal Revenue Code of 1986, as amended, and any successor provisions.

"DNR" means the State of Wisconsin Department of Natural Resources and any successor entity.

"DOA" means the State of Wisconsin Department of Administration and any successor entity.

"EPA" means the United States Environmental Protection Agency or any successor entity that may succeed to the administration of the program established by the Safe Drinking Water Act.

"FAA" means this Financial Assistance Agreement.

"Final Completion" means the Project construction is complete, DNR or agents thereof have certified that the Project was constructed according to DNR approved Plans and Specifications and that the facilities are operating according to design, and DNR has completed all necessary Project closeout procedures.

"Financial Assistance Agreement" means this Financial Assistance Agreement between the SDWLP by DNR, DOA, and the Municipality, as the same may be amended from time to time in accordance with Section 6.04 hereof.

"General Resolution" means the Clean Water Revenue Bond General Resolution adopted by the State of Wisconsin Building Commission, as such may from time to time be amended or supplemented by Series Resolutions or Supplemental Resolutions in accordance with the terms and provisions of the General Resolution.

"Loan" means the loan or loans made by the SDWLP to the Municipality pursuant to this FAA.

"Loan Disbursement Table" means the table, the form of which is included as Exhibit C hereto, with columns for inserting the following information:

- (a) amount of each disbursement,
- (b) date of each disbursement,
- (c) the series of Bonds from which each disbursement is made,
- (d) principal amounts repaid, and
- (e) outstanding principal balance.

"Municipal Obligation Counsel Opinion" means the opinion of counsel satisfactory to DOA, issued in conjunction with the Municipal Obligations, stating that:

- (a) the FAA and the performance by the Municipality of its obligations thereunder have been duly authorized by all necessary actions by the governing body of the Municipality, and the FAA has been duly executed and delivered by the Municipality;
- (b) the Municipal Obligations have been duly authorized, executed, and delivered by the Municipality and sold to the SDWLP;
- (c) each of the FAA and the Municipal Obligations constitutes a legal, valid, and binding obligation of the Municipality, enforceable against the Municipality in accordance with its respective terms (provided that enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that its enforcement may also be subject to the exercise of judicial discretion in appropriate cases);
- (d) the Municipal Obligations constitute special obligations of the Municipality secured as to payment of principal, interest, and redemption price by the pledged revenues as set forth therein;
- (e) interest on the Municipal Obligations is not included in gross income of the owners thereof for federal income taxation purposes under existing laws, regulations, rulings, and judicial decisions;
- (f) the Municipal Obligations are not "arbitrage bonds" within the meaning of Section 148 of the Code and the arbitrage regulations; and
- (g) the Municipal Obligations are not "private activity bonds" as defined in Section 141(a) of the Code.

"Municipal Obligation Resolution" means that action taken by the governing body of the Municipality authorizing the issuance of the Municipal Obligations.

"Municipal Obligations" means the bonds or notes issued and delivered by the Municipality to the SDWLP, a specimen copy of which is included in the Municipal Obligations transcript.

"Municipality" means City of Waukesha, a "local governmental unit" within the meaning of the Act, duly organized and existing under the laws of the State, and any successor entity.

"Parity Obligations" means the Municipality's \$1,117,601 Waterworks System Revenue Bonds, Series 2013, dated May 22, 2013, and any other obligations issued on a parity with the Municipal Obligations pursuant to the restrictive provisions of Section 11 of the Municipal Obligation Resolution.

"Plans and Specifications" means the Project design plans and specifications assigned No. W-2016-0001, approved by DNR on January 27, 2016, as the same may be amended or modified from time to time in accordance with this FAA.

"Progress payments" means payments for work in place and materials or equipment that have been delivered or are stockpiled in the vicinity of the construction site. This includes payments for undelivered specifically manufactured equipment if: (1) designated in the specifications, (2) could not be readily utilized or diverted to another job, and (3) a fabrication period of more than 6 months is anticipated.

"Project" means the project assigned SDWLP Project No. 7000-02 by DNR, described in the Project Manager Summary Page (Exhibit F), and further described in the DNR approval letter(s) for the Plans and Specifications, or portions thereof, issued under s. 281.41, Wis. Stats.

"Project Costs" means the costs of the Project that are eligible for financial assistance from the SDWLP under the Act, which are allowable costs under the Regulations, which have been incurred by the Municipality, an estimate of which is set forth in Exhibit A hereto and made a part hereof.

"Regulations" means chs. NR 166, NR 809, and NR 811, Wis. Adm. Code, the regulations of DNR, and ch. Adm. 35, Wis. Adm. Code, the regulations of DOA, adopted pursuant to and in furtherance of the Act, as such may be adopted or amended from time to time.

"Safe Drinking Water Act" means the federal Safe Drinking Water Act, 42 U.S.C. 300f to 300j-26.

"SDWLP" means State of Wisconsin Safe Drinking Water Loan Program, established pursuant to ss. 281.59 and 281.61, Wis. Stats., and managed and administered by DNR and DOA.

"Senior Municipal Obligations" means the Municipality's \$4,945,000 Waterworks System Revenue Bonds, Series 2008, dated April 22, 2008.

"Series Resolution" or "Supplemental Resolution" shall have the meaning set forth in the General Resolution.

"State" means the State of Wisconsin.

"Substantial Completion" means the date on which construction of the Project is sufficiently complete in accordance with the contract documents so that the owner can occupy and utilize the Project for its intended use.

"Trustee" means the trustee appointed by the State pursuant to the General Resolution and any successor trustee.

"Use of American Iron and Steel" means the requirements for using American iron and steel as mandated under EPA's Drinking Water State Revolving Fund programs.

"User Fees" means fees charged or to be charged to users of the Project or the Water System of which the Project is a part pursuant to the Water Rates or otherwise.

"Water Diversion Permit" means a DNR permit issued to the Municipality under s. 30.18(2), Wis. Stats., to divert water from a stream or lake in Wisconsin.

"Water Rates" means a charge or system of charges levied on users of a water system for the user's proportional share of the revenue requirement of a water system which consists of operation and maintenance expenses, depreciation, taxes, and return on investment.

"Water System" means all structures, conduits, and appurtenances by means of which water is delivered to consumers, except piping and fixtures inside buildings served and service pipes from buildings to street mains.

Section 1.02. Rules of Interpretation Unless the context clearly indicates to the contrary, the following rules shall apply to the context of this FAA:

(a) Words importing the singular number shall include the plural number and vice versa, and one gender shall include all genders.

(b) All references herein to particular articles or sections are references to articles or sections of this FAA.

(c) The captions and headings herein are solely for convenience of reference and shall not constitute a part of this FAA, nor shall they affect its meaning, construction, or effect.

(d) The terms "hereby", "hereof", "hereto", "herein", "hereunder", and any similar terms as used in this FAA refer to the FAA in its entirety and not the particular article or section of this FAA in which they appear. The term "hereafter" means after and the term "heretofore" means before the date of delivery of this FAA.

(e) All accounting terms not otherwise defined in this FAA have the meanings assigned to them in accordance with generally accepted accounting principles, and all computations provided for herein shall be made in accordance with generally accepted accounting principles.

ARTICLE II
REPRESENTATIONS

Section 2.01. Representations of the SDWLP The SDWLP represents and warrants as follows:

- (a) The State is authorized to issue the Bonds in accordance with the Act and the General Resolution and to use the proceeds thereof to provide funds for the making of the Loan to the Municipality to undertake and complete the Project.
- (b) The SDWLP has complied with the provisions of the Act and has full power and authority to execute and deliver this FAA, consummate the transactions contemplated hereby, and perform its obligations hereunder.
- (c) The SDWLP is not in violation of any of the provisions of the Constitution or laws of the State which would affect its powers referred to in the preceding paragraph (b).
- (d) Pursuant to ss. 281.59 and 281.61, Wis. Stats., the SDWLP is authorized to execute and deliver the FAA, and to take actions and make determinations that are required of the SDWLP under the terms and conditions of the FAA.
- (e) The execution and delivery by the SDWLP of this FAA and the consummation of the transactions contemplated by this FAA shall not violate any indenture, mortgage, deed of trust, note, agreement, or other contract or instrument to which the State is a party, or by which it is bound, or, to the best of the SDWLP's knowledge, any judgment, decree, order, statute, rule, or regulation applicable to the SDWLP; all consents, approvals, authorizations, and orders of governmental or regulatory authorities that are required for the consummation of the transactions contemplated thereby have been obtained.
- (f) To the knowledge of the SDWLP, there is no action, suit, proceeding, or investigation, at law or in equity, before or by any court, public board, or body, threatened against, pending, or affecting the SDWLP, or, to the knowledge of the SDWLP, any basis therefor, wherein an unfavorable decision, ruling, or finding would adversely affect the transactions contemplated hereby or which, in any way, could adversely affect the validity of this FAA or any agreement or instrument to which the State is a party and which is used or contemplated for use in consummation of the transactions contemplated by each of the foregoing.
- (g) The Project is on the DNR funding list for the 2018 state fiscal year.

Section 2.02. Representations of the Municipality The Municipality represents, covenants, and warrants as follows:

- (a) The Municipality possesses the legal municipal form of a city under ch. 62, Wis. Stats. The Municipality is located within the State and is a "municipality" within the meaning of the Act, duly organized and existing under the laws of the State, and has full legal right, power, and authority to:
 - (1) conduct its business and own its properties,
 - (2) enter into this FAA,
 - (3) adopt the Municipal Obligation Resolution,
 - (4) issue and deliver the Municipal Obligations to the SDWLP as provided herein, and
 - (5) carry out and consummate all transactions contemplated by each of the aforesaid documents.
- (b) The Municipality is in compliance with its Water Diversion Permit (if any).

(c) With respect to the issuance of the Municipal Obligations, the Municipality has complied with the Municipal Obligation Resolution and with all applicable laws of the State.

(d) The governing body of the Municipality has duly approved the execution and delivery of this FAA and the issuance and delivery of the Municipal Obligations in the aggregate principal amount of \$684,275, and has authorized the taking of any and all action as may be required on the part of the Municipality and its authorized officers to carry out, give effect to, and consummate the transactions contemplated by each of the foregoing.

(e) This FAA and the Municipal Obligations have each been duly authorized, executed, and delivered, and constitute legal, valid, and binding obligations of the Municipality, enforceable in accordance with their respective terms.

(f) To the knowledge of the Municipality, there is no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court, public board, or body, threatened against, pending or affecting the Municipality, or, to the knowledge of the Municipality, any basis therefor:

(1) affecting the creation, organization, or existence of the Municipality or the title of its officers to their respective offices;

(2) seeking to prohibit, restrain, or enjoin the execution of this FAA or the issuance or delivery of the Municipal Obligations;

(3) in any way contesting or affecting the validity or enforceability of the Municipal Obligation Resolution, the Municipal Obligations, this FAA, or any agreement or instrument relating to any of the foregoing or used or contemplated for use in the consummation of the transactions contemplated by this FAA; or

(4) wherein an unfavorable decision, ruling, or finding could adversely affect the transactions contemplated hereby or by the Municipal Obligation Resolution or the Municipal Obligations.

(g) The Municipality is not in any material respect in breach of or in default under any applicable law or administrative regulation of the State or the United States, any applicable judgment or decree, or any agreement or other instrument to which the Municipality is a party, or by which it or any of its properties is bound, and no event has occurred that, with the passage of time, the giving of notice, or both, could constitute such a breach or default. The execution and delivery of this FAA, the issuance and delivery of the Municipal Obligations, the adoption of the Municipal Obligation Resolution, and compliance with the respective provisions thereof shall not conflict with, or constitute a breach of or default under, any applicable law or administrative regulation of the State or of the United States, any applicable judgment or decree, or any agreement or other instrument to which the Municipality is a party, or by which it or any of its property is bound.

(h) The Municipal Obligations constitute validly-issued, legally-binding special obligations of the Municipality secured as set forth therein.

(i) The resolutions of the Municipality accepting the Loan and the Municipal Obligation Resolution have been duly adopted by the Municipality and remain in full force and effect as of the date hereof.

(j) The Municipality has full legal right and authority, and all necessary permits, licenses, and approvals (other than such permits, licenses, easements, or approvals which are not, by their nature, obtainable prior to Substantial Completion of the Project) required as of the date hereof to

own the Project, to carry on its activities relating thereto, to undertake and complete the Project, and to carry out and consummate all transactions contemplated by this FAA.

(k) The Municipality represents that it has not made any commitment or taken any action that shall result in a valid claim for any finders' or similar fees or commitments in respect to the issuance and sale of the Municipal Obligations and the making of the Loan under this FAA.

(l) The Project is eligible under s. 281.61(2), Wis. Stats., for financing from the SDWLP, and the Project Costs are equal to or in excess of the principal amount of the Municipal Obligations. The Project has satisfied the requirements of the State Environmental Review Procedures contained in the Regulations. Portions of the Project that are ineligible for financing from the SDWLP are listed within the Project Manager Summary Page attached hereto as Exhibit F. The Municipality intends the Project to be eligible under the Act throughout the term of this FAA.

(m) All amounts shown in Exhibit A of this FAA are costs of a Project eligible for financial assistance from the SDWLP under the Act. All proceeds of any borrowing of the Municipality that have been spent and which are being refinanced with the proceeds of the Loan made hereunder have been spent on eligible Project Costs. All Project Costs are reasonable, necessary, and allocable by the Municipality to the Project under generally accepted accounting principles. None of the proceeds of the Bonds shall be used directly or indirectly by the Municipality as working capital or to finance inventory, as opposed to capital improvements.

(n) The Project is in compliance with all applicable federal, state, and local laws and ordinances (including rules and regulations) relating to zoning, building, safety, and environmental quality. The Municipality has complied with and completed all requirements of DNR necessary to commence construction of the Project prior to the date hereof. The Municipality intends to proceed with due diligence to complete the Project pursuant to Section 4.04 hereof.

(o) The Municipality does not intend to lease the Project or enter into a long-term contract for operation of the Project except as set forth in Exhibit D.

(p) The Municipality shall not take or omit to take any action which action or omission shall in any way cause the proceeds of the Bonds to be applied in a manner contrary to that provided in the General Resolution.

(q) The Municipality has not taken and shall not take any action, and presently knows of no action that any other person, firm, or corporation has taken or intends to take, that would cause interest on the Municipal Obligations to be includable in the gross income of the owners of the Municipal Obligations for federal income tax purposes. The representations, certifications, and statements of reasonable expectation made by the Municipality as referenced in the Municipal Obligation Counsel Opinion and No Arbitrage Certificate are hereby incorporated by this reference as though fully set forth herein.

(r) Other than (1) "preliminary expenditures" as defined in Treas. Regs. 26 CFR 1.150-2 in an amount not exceeding 20% of the principal amount of the Municipal Obligations, or (2) a "de minimis" amount as defined in Treas. Regs. 26 CFR 1.150-2 in an amount not exceeding the lesser of \$100,000 or 5% of the principal amount of the Municipal Obligations, all of the proceeds of the Bonds loaned to the Municipality (other than refunding proceeds, if any) shall be used for Project Costs paid by the Municipality subsequent to a date which is 60 days prior to the date on which the Municipality adopted a reimbursement resolution pursuant to Treas. Regs. 26 CFR 1.150-2 stating its intent to reimburse other funds of the Municipality used to finance the Project, or subsequent to the issuance date of the Municipal Obligations.

- (s) The Municipality represents that it has satisfied all the applicable requirements in ss. 281.61(3), (4), (5) and (8m), Wis. Stats., and ch. NR 166, Wis. Adm. Code.
- (t) The Municipality has adopted a rate, charge, or assessment schedule that will generate annually sufficient revenue to pay the principal of and interest on the Municipal Obligations.
- (u) The Municipality is in substantial compliance with all conditions, requirements, and terms of financial assistance previously awarded through any federal construction grants program and the SDWLP.
- (v) The Municipality has met all terms and conditions contained within, and has received DNR approval for the Municipality's Plans and Specifications for the Project described in the definitions hereof.
- (w) The Municipality represents that it has submitted to DNR a bid tabulation for the Project with a recommendation to DNR for review and concurrence. The expected or actual Substantial Completion date of the Project was July 29, 2016.
- (x) The Municipality acknowledges that s. 281.59(11)(b), Wis. Stats., and the General Resolution provide that if the Municipality fails to repay the Loan when due, the State shall recover amounts due the SDWLP by deducting those amounts from any State payments due the Municipality.

This means that the following State payments would have been subject to this deduction:

	Transportation	State-Shared	Total
2016	\$3,062,393.00	\$1,501,739.85	\$4,564,132.85
2017	\$3,149,192.62	\$1,512,661.32	\$4,661,853.94

The amount of State payments anticipated for this year, among others, and as changed or modified from time to time, that are subject to this deduction are:

2018	\$3,621,571.51	\$1,513,024.46	\$5,134,595.97
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These are not the entire amounts of State aid distributed to the Municipality. Other State aid is subject to intercept on failure of the Municipality to make full Loan payments due the SDWLP.

The Municipality acknowledges that ss. 281.59(11)(b) and 70.60, Wis. Stats., and the General Resolution provide that, if the Municipality fails to repay the Loan when due, the State shall recover amounts due the SDWLP by adding a special charge to the amount of taxes apportioned to and levied upon the county in which the Municipality is located.

Further, in the event that the Municipality would become eligible to receive State payments, s. 281.59(11)(b), Wis. Stats., and the General Resolution provide that, if the Municipality fails to repay the Loan when due, the State shall recover amounts due the SDWLP by deducting those amounts from any State payments due the Municipality.

(y) The Municipality acknowledges that the State reserves the right upon default by the Municipality hereunder to have a receiver appointed to collect User Fees from the operation of the Municipality's Water System or, in the case of a joint utility system, to bill the users of the Municipality's Water System directly.

(z) The representations of the Municipality in the Application are true and correct as of the date of this FAA and are incorporated herein by reference as if fully set forth in this place.

(aa) There has been no material adverse change in the financial condition or operation of the Municipality or the Project since the submission date of the Application.

(bb) The Municipality submitted a water rate application to the Public Service Commission. This water rate application is for Water Rates that shall generate sufficient revenues, together with other funds available to the Municipality, to pay all costs of operating and maintaining the facilities of the Municipality's entire Water System, in accordance with this FAA. The Municipality implemented the Water Rates upon the Wisconsin Public Service Commission's approval of the rate order.

ARTICLE III
LOAN PROVISIONS

Section 3.01. Loan Clauses

(a) Subject to the conditions and in accordance with the terms of this FAA, the SDWLP hereby agrees to make the Loan and the Municipality agrees to accept the Loan. As evidence of the Loan made to the Municipality, the Municipality hereby agrees to sell to the SDWLP Municipal Obligations in the aggregate principal amount of \$684,275. The SDWLP shall pay for the Municipal Obligations in lawful money of the United States, which shall be disbursed as provided in this FAA.

(b) Prior to disbursement, Loan proceeds shall be held by the SDWLP or by the Trustee for the account of the SDWLP. Earnings on undisbursed Loan proceeds shall be for the account of the SDWLP. Loan proceeds shall be disbursed only upon submission by the Municipality of disbursement requests and approval thereof as set forth in Section 3.05 hereof.

(c) The Loan shall bear interest at the rate of one and 870/1000ths percent (1.870%) per annum, and interest shall accrue and be payable only on Loan proceeds actually disbursed from the date of disbursement until the date such amounts are repaid.

(d) The Municipal Obligation shall include the Loan Disbursement Table (Exhibit C). The actual dates of disbursements shall be reflected as part of the Municipal Obligations. DOA shall make entries as each disbursement is made and as each principal amount is repaid; the SDWLP and the Municipality agree that such entries shall be mutually binding.

(e) Upon Final Completion of the Project, DOA may request that the Municipality issue substitute Municipal Obligations in the aggregate principal amount equal to the outstanding principal balance of the Loan.

(f) The Municipality shall deliver, or cause to be delivered, a Municipal Obligation Counsel Opinion to the SDWLP concurrently with the delivery of the Municipal Obligations.

Section 3.02. Loan Amortization Principal and interest payments on the Loan (and on the Municipal Obligations evidencing the Loan) shall be due on the dates set forth in Exhibit B of this FAA. The payment amounts shown on Exhibit B are for informational purposes only and assume the full amount of the Loan is disbursed to the Municipality on June 27, 2018. It is understood that the actual amount of the Municipality's Loan payments shall be based on the actual date and amount of Loan disbursements for the Project. Notwithstanding the foregoing or anything in the Municipal Obligations, the Loan shall be for no longer than twenty (20) years from the date of this FAA, and shall mature and be fully amortized not later than twenty (20) years after the original issue date of the Municipal Obligations. Repayment of principal on the Loan shall begin not later than twelve (12) months after the expected or actual Substantial Completion date of the Project.

Section 3.03. Type of Municipal Obligation and Security The Municipality's obligation to meet annual debt service requirements shall be a revenue obligation evidenced by issuance of revenue bonds pursuant to s. 66.0621, Wis. Stats. The security for the Municipality's obligation shall be a pledge of revenues to be derived from the Municipality's Water System, and the Municipality shall agree that if revenues from the Water System are insufficient to meet annual debt service requirements, the Municipality shall purchase water services in amounts sufficient to meet annual debt service requirements as provided in and set forth in Section 9 of the Municipal Obligation Resolution. The annual revenues net of all current expenses shall be equal to not less than the annual principal and interest requirements on the Senior Municipal Obligations, the Municipal Obligations, any Parity Obligations, and any other debt obligations payable from the revenues of the Water System then outstanding (exclusive, for any bond anticipation notes, of

principal to be paid with proceeds of bonds), times the greater of (i) 110 percent or (ii) the highest debt service coverage ratio required with respect to the Senior Municipal Obligations, any Parity Obligations, or any other debt obligations payable from the revenues of the Water System then outstanding. As of the date of this FAA, the required debt service coverage ratio is 125 percent; however, this percentage is subject to change as outlined in the prior sentence. The Loan is also secured as provided in Section 3.07 hereof.

Section 3.04. Sale and Redemption of Municipal Obligations

- (a) Municipal Obligations may not be prepaid without the prior written consent of the SDWLP. The SDWLP has sole discretion to withhold such consent.
- (b) The Municipality shall pay all costs and expenses of the SDWLP in effecting the redemption of the Bonds to be redeemed with the proceeds of the prepayment of the Municipal Obligations. Such costs and expenses may include any prepayment premium applicable to the SDWLP and any investment losses incurred or sustained by the SDWLP resulting directly or indirectly from any such prepayment.
- (c) Subject to subsection (a), the Municipality may prepay the Loan with any settlements received from any third party relating to the design or construction of the Project.
- (d) Prepayments of the Municipal Obligations shall be applied pro rata to all maturities of the Municipal Obligations.

Section 3.05. Disbursement of Loan Proceeds

- (a) Each disbursement request shall be delivered to DNR. Each request must contain invoices or other evidence acceptable to DNR and DOA that Project Costs for which disbursement is requested have been incurred by the Municipality.
- (b) The SDWLP, through its agents or Trustee, plans to make disbursements of Loan proceeds on a semimonthly basis upon approval of each disbursement request by DNR and DOA. Such approval by DNR and DOA may require adjustment and corrections to the disbursement request submitted by the Municipality. The Municipality shall be notified whenever such an adjustment or correction is made by DNR or DOA.
- (c) Disbursements made to the Municipality are subject to pre- and post-payment adjustments by DNR or DOA.
 - (1) If the Loan proceeds are not yet fully disbursed, and SDWLP funds were previously disbursed for costs not eligible for SDWLP funding or not eligible under this FAA, the SDWLP shall make necessary adjustments to future disbursements.
 - (2) If the Loan proceeds are fully disbursed, including disbursements for any costs not eligible for SDWLP funding or not eligible under this FAA, the Municipality agrees to repay to the SDWLP an amount equal to the non-eligible costs within 60 days of notification by DNR or DOA. The SDWLP shall then apply the amount it receives as a Loan prepayment.
- (d) The SDWLP or its agent shall disburse Loan proceeds only to the Municipality's account by electronic transfer of funds. The Municipality hereby covenants that it shall take actions and provide information necessary to facilitate these transfers.

(e) Disbursement beyond ninety-five percent (95%) of the principal amount of the Loan, unless otherwise agreed to by DNR and DOA pursuant to a written request from the Municipality, may be withheld until:

- (1) DNR is satisfied that the Project has been completed in accordance with the Plans and Specifications, and DNR has approved all change orders relating to the Project;
- (2) the Municipality certifies to DNR its acceptance of the Project from its contractors;
- (3) the Municipality certifies in writing to DNR its compliance with applicable Federal requirements (certification must be as prescribed on Exhibit G); and
- (4) DNR certifies in writing to DOA the Municipality's compliance with all applicable requirements of this FAA.

(f) IRS Regulation 1.148-6(d)(1)(iii) applies to project expenditures; it states, in part, "An issuer must account for the allocation of proceeds to expenditures not later than 18 months after the later of the date the expenditure is paid or the date the project, if any, that is financed by the issue is placed in service".

Section 3.06. Remedies

(a) If the Municipality:

- (1) or any authorized representative is not complying with federal or state laws, regulations, or requirements relating to the Project, and following due notice by DNR the Project is not brought into compliance within a reasonable period of time; or
- (2) is not complying with or is in violation of any provision set forth in this FAA; or
- (3) is not in compliance with the Act or the Regulations;

then DNR may, until the Project is brought into compliance or the FAA non-compliance is cured to the satisfaction of DNR or DOA, impose one (1) or more of the following sanctions:

- (i) Progress payments or disbursements otherwise due the Municipality of up to 20% may be withheld.
- (ii) Project work may be suspended.
- (iii) DNR may request a court of appropriate jurisdiction to enter an injunction or afford other equitable or judicial relief as the court finds appropriate.
- (iv) Other administrative remedies may be pursued.

(b) If the Municipality fails to make any payment when due on the Municipal Obligations or fails to observe or perform any other covenant, condition, or agreement on its part under this FAA for a period of thirty (30) days after written notice is given to the Municipality by DNR, specifying the default and requesting that it be remedied, the SDWLP is provided remedies by law and this FAA. These remedies include, but are not limited to, the following rights:

(1) Pursuant to s. 281.59(11)(b), Wis. Stats., DOA shall place on file a certified statement of all amounts due the SDWLP under this FAA. DOA may collect all amounts due the SDWLP by deducting those amounts from any State payments due the Municipality, or add a special charge to the amount of taxes apportioned to and levied upon the county in which the Municipality is located under s. 70.60, Wis. Stats.

(2) The SDWLP may, without giving bond to the Municipality or anyone claiming under it, have a receiver appointed for the SDWLP's benefit of the Project and the Municipality's Water System and of the earnings, income, rents, issues, and profits thereof, with such powers as the court making such appointment shall confer. The Municipality hereby irrevocably consents to such appointment.

(3) In the case of a joint utility system, the SDWLP may bill the users of the Municipality's system directly.

(4) The SDWLP may declare the principal amount of the Municipal Obligations immediately due and payable.

(5) The SDWLP may enforce any right or obligation under this FAA, including the right to seek specific performance or mandamus, whether such action is at law or in equity.

(6) The SDWLP may increase the interest rate set forth in Section 3.01 hereof to the market interest rate as defined in the Act and Regulations.

Section 3.07. Security for the Loan In accordance with the terms of the Municipal Obligation Resolution:

(a) as security for the Loan hereunder, the Municipality hereby pledges the revenues to be derived from the Municipality's Water Rates (which is a dedicated source of revenue); and

(b) other than as already pledged to the outstanding Parity Obligations and Senior Municipal Obligations and the Municipality's Waterworks System Revenue Bond Anticipation Note, Series 2018, dated April 2, 2018, the Municipality shall not pledge the revenues, except as provided in Section 11 of the Municipal Obligation Resolution, to be derived from the Municipality's Water Rates or other revenues pledged under Section 3.07(a) above, to any person other than the SDWLP, unless the revenues pledged to such other person meet the highest debt coverage ratio then applicable to the Municipality.

Section 3.08. Effective Date and Term This FAA shall become effective upon its execution and delivery by the parties hereto, shall remain in full force and effect from such date, and shall expire on such date as the Municipal Obligations shall be discharged and satisfied in accordance with the provisions thereof.

ARTICLE IV
CONSTRUCTION OF THE PROJECT

Section 4.01. Insurance The Municipality agrees to maintain property and liability insurance for the Water System and Project that is reasonable in amount and coverage and that is consistent with prudent municipal insurance practices for the term of the Loan. The Municipality agrees to provide written evidence of insurance coverage to the SDWLP upon request at any time during the term of the Loan.

In the event the Water System or Project is damaged or destroyed, the Municipality agrees to use the proceeds from its insurance coverage either to repay the Loan or to repair or replace the Water System.

Section 4.02. Construction of the Project The Municipality shall construct, or cause to be constructed, the Project to Final Completion in accordance with the Application and the Plans and Specifications. The Municipality shall proceed with the acquisition and construction of the Project in conformity with law and with all applicable requirements of governmental authorities having jurisdiction with respect thereto, subject to such modifications of Plans and Specifications that alter the cost of the Project, use of space, scope, or functional layout, as may be previously approved by DNR.

Section 4.03. Performance Bonds The Municipality shall provide, or cause to be provided, performance bonds assuring the performance of the work to be performed under all construction contracts entered into with respect to the Project. All performance bonds required hereunder shall be issued by independent surety companies authorized to transact business in the State.

Section 4.04. Completion of the Project

(a) The Municipality agrees that it shall undertake and complete the Project for the purposes and in the manner set forth in this FAA and in accordance with all federal, state, and local laws, ordinances, and regulations applicable thereto. The Municipality shall, with all practical dispatch and in a sound and economical manner, complete or cause to be completed the acquisition and construction of the Project, and do all other acts necessary and possible to entitle it to receive User Fees with respect to the Project at the earliest practicable time. The Municipality shall obtain all necessary approvals from any and all governmental agencies prior to construction which are requisite to the Final Completion of the Project.

(b) The Municipality shall notify DNR of the Substantial Completion of the Project. The Municipality shall cause to be prepared as-built plans for the Project at or prior to completion thereof.

(c) The Municipality shall take and institute such proceedings as shall be necessary to cause and require all contractors and material suppliers to complete their contracts diligently and in accordance with the terms of the contracts including, without limitation, the correcting of defective work.

(d) Upon Final Completion of the Project in accordance with the Plans and Specifications, the Municipality shall:

- (1) certify to DNR its acceptance of the Project from its contractors, subject to claims against contractors and third parties;
- (2) complete and deliver to DNR the completed Contract Utilization of Disadvantaged Business Enterprises (DBE) form attached hereto as Exhibit E of this FAA;
- (3) prepare and deliver to DNR the completed Federal Requirements Compliance Certification attached hereto as Exhibit G of this FAA; and

- (4) obtain all required permits and authorizations from appropriate authorities, if required, for operation and use of the Project.

Section 4.05. Payment of Additional Project Costs

(a) In the event of revised eligibility determinations, cost overruns, and amendments exceeding the Loan amount, the SDWLP may allocate additional financial assistance to the Project. The allocation of additional financial assistance may be in the form of a loan at less than the market interest rate, which is established pursuant to the Act and Regulations. The allocation of additional financial assistance shall depend upon availability of funds, pursuant to the Act and the Regulations.

(b) In the event that Loan proceeds are not sufficient to pay the costs of the Project in full, the Municipality shall nonetheless complete the Project and pay that portion of the Project Costs as may be in excess of available Loan proceeds, and shall not be entitled to any reimbursement therefor from the SDWLP, or the owners of any bonds, except from the proceeds of additional financing which may be provided by the SDWLP pursuant to an amended FAA or through a separate FAA.

Section 4.06. No Warranty Regarding Condition, Suitability, or Cost of Project Neither the SDWLP, DOA, DNR, nor the Trustee makes any warranty, either express or implied, as to the Project or its condition, or that it shall be suitable for the Municipality's purposes or needs, or that the proceeds of the Loan shall be sufficient to pay the costs of the Project. Review or approval of engineering reports, facilities plans, Plans and Specifications, or other documents, or the inspection of Project construction by DNR does not relieve the Municipality of its responsibility to properly plan, design, build, and effectively operate and maintain the Project as required by laws, regulations, permits, and good management practices. DNR or its representatives are not responsible for increased costs resulting from defects in the Plans and Specifications or other Project documents. Nothing in this section prohibits a Municipality from requiring more assurances, guarantees, or indemnity or other contractual requirements from any party performing Project work.

ARTICLE V
COVENANTS

Section 5.01. Application of Loan Proceeds The Municipality shall apply the proceeds of the Loan solely for Project Costs.

Section 5.02. Operation and Maintenance After completion of the Project, the Municipality shall:

- (a) at all times operate the Project or otherwise cause the Project to be operated properly and in a sound and economical manner, including proper training of personnel;
- (b) maintain, preserve, and keep the Project or cause the Project to be maintained, preserved, and kept in good repair, working order, and condition; and
- (c) periodically make, or cause to be made, all necessary and proper repairs, replacements, and renewals so that at all times the operation of the Project may be properly conducted in a manner that is consistent with the Project performance standards contained in the Application and the requirements of the Water Diversion Permit (if any). The Municipality shall not, without the approval of DNR, discontinue operation of, or sell or otherwise dispose of, the Water System, except for portions of the Water System sold or otherwise disposed of in the course of ordinary repair and replacement of parts so long as the Loan is outstanding.

Section 5.03. Compliance with Law At all times during construction of the Project and operation of the Water System, the Municipality shall comply with all applicable federal, state, and local laws, ordinances, rules, regulations, permits, and approvals, and with this FAA, including, without limitation, the Act, the Regulations, and the Water Diversion Permit (if any).

Section 5.04. Public Ownership The Municipality shall at all times retain ownership of the Project and the Water System of which it is a part.

Section 5.05. Establishment of Project Accounts; Audits

- (a) The Municipality shall maintain Project accounts in accordance with generally accepted accounting principles (GAAP), including standards relating to the reporting of infrastructure assets and directions issued by the SDWLP. Without any request the Municipality shall furnish to DOA as soon as available, and in any event within one hundred eighty (180) days after the close of each fiscal year, a copy of the audit report for such year and accompanying GAAP-based financial statements for such period, as examined and reported by such independent certified public accountants of recognized standing selected by the Municipality and reasonably satisfactory to DOA, whose reports shall indicate that the accompanying financial statements have been prepared in conformity with GAAP and include standards relating to the reporting of infrastructure assets.
- (b) The Municipality shall maintain a separate account that reflects the receipt and expenditure of all SDWLP funds for the Project. All Loan proceeds shall be credited promptly upon receipt thereof and shall be reimbursement for or expended only for Project Costs. The Municipality shall permit any authorized representative of DNR or DOA, or agents thereof, the right to review or audit all records relating to the Project or the Loan, and shall produce, or cause to be produced, all records relating to any work performed under the terms of this FAA for examination at such times as may be designated by any of them or their authorized representatives, and shall permit extracts and copies of the Project records to be made by them or their authorized representatives, and shall fulfill information requests by them or their authorized representatives.

Section 5.06. Records The Municipality shall retain all files, books, documents, and records relating to construction of the Project for at least three years following the date of Final Completion of the Project, or for longer periods if necessary due to any appeal, dispute, or litigation. All other files and records relating to the Project shall be retained so long as this FAA remains in effect. As-built plans for the Project shall be retained for the useful life of the Project.

Section 5.07. Project Areas The Municipality shall permit representatives of DNR access to the Project and related records at all reasonable times, include provisions in all contracts permitting such access during construction and operation of the Water System, and allow extracts and copies of Project records to be made by DNR representatives.

Section 5.08. Engineering Inspection The Municipality shall provide competent and adequate inspection of all Project construction, under the direction of a professional engineer licensed in the State. The Municipality shall direct such engineer to inspect work necessary for the construction of the Project and to determine whether such work has been performed in accordance with the Plans and Specifications. Any such work not in accordance with the Plans and Specifications shall be remedied, unless such noncompliance is waived by DNR.

Section 5.09. Tax Covenants

(a) The Municipality covenants and agrees that it shall not take any action, or omit to take any action, which action or omission would result in the loss of the exclusion of the interest on any Municipal Obligations now or hereafter issued from gross income for purposes of federal income taxation as that status is governed by Section 103(a) of the Code or any successor provision.

(b) The Municipality shall not take any action, or omit to take any action, which action or omission would cause its Municipal Obligations to be "private activity bonds" within the meaning of Section 141(a) of the Code or any successor provision.

(c) The Municipality shall not directly or indirectly use, or permit the use of, any proceeds of the Bonds (or amounts replaced with such proceeds) or any other funds, or take any action, or omit to take any action, which use or action or omission would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code or any successor provision. The Municipality hereby further covenants to ensure that all amounts actually received by such Municipality from the SDWLP are advanced within three business days to the entity submitting the invoice (or to reimburse the Municipality) to which each amount relates, and that all amounts actually received by such Municipality from the SDWLP shall not be invested in any interest-bearing account.

(d) The Municipality shall not use (directly or indirectly) the proceeds of the Bonds in any manner that would constitute an "advance refunding" within the meaning of Section 149(d)(5) of the Code or any successor provision.

Section 5.10. User Fee Covenant

(a) The Municipality hereby certifies that it has adopted and shall charge User Fees with respect to the Project in accordance with applicable laws and the Act and in amounts such that revenues of the Municipality with respect to the Project shall be sufficient, together with other funds available to the Municipality for such purposes, to pay all costs of operating and maintaining the Project in accordance with this FAA and to pay all amounts due under this FAA and the Municipal Obligations.

(b) The Municipality covenants that it shall adopt and shall adequately maintain for the design life of the Project a system of User Fees with respect to the Project. The Municipality covenants that it shall, from time to time, revise and charge User Fees with respect to the Project such that the revenues and funds described in paragraph (a) shall be sufficient to pay the costs described in paragraph (a).

Section 5.11. Notice of Impaired System The Municipality shall promptly notify DNR and DOA in the case of: any material damage to or destruction of the Project or any part thereof; any actual or threatened proceedings for the purpose of taking or otherwise affecting by condemnation, eminent domain, or otherwise, all or a part of the Water System; or any action, suit, or proceeding at law or in equity, or by or before any governmental instrumentality or agency, or any other event which may impair the ability of the Municipality to construct the Project, operate the Water System, or set and collect User Fees as set forth in Section 5.10.

Section 5.12. Hold Harmless The Municipality shall save, keep harmless, and defend DNR and DOA, and all their officers, employees, and agents, against any and all liability, claims, and costs of whatever kind and nature for injury to or death of any person or persons and for loss or damage to any property occurring in connection with or in any way incident to or arising out of the construction, occupancy, use, service, operation, or performance of work in connection with the Project, or acts or omissions of the Municipality's employees, agents, or representatives.

Section 5.13. Nondiscrimination Covenant

(a) In connection with the Project, the Municipality agrees to comply with fair employment practices pursuant to subchapter II of ch. 111, Wis. Stats. This provision shall include, but is not limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Municipality agrees to post in conspicuous places, available for employees and applicants for employment, notices setting forth the provision of the nondiscrimination clause.

(b) The Municipality shall incorporate the following provision into all Project contracts which have yet to be executed: "In connection with the performance of work under this contract, the contractor agrees not to discriminate against any employee or applicant because of age, race, religion, color, handicap, sex, physical condition, developmental disability, or national origin. The contractor further agrees to comply with fair employment practices pursuant to subchapter II of ch. 111, Wis. Stats. This provision shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor further agrees to take affirmative action to ensure equal employment opportunities for persons with disabilities. The contractor agrees to post in conspicuous places, available for employees and applicants for employment, notices setting forth the provisions of the nondiscrimination clause."

Section 5.14. Employees The Municipality or its employees or agents are not employees or agents of the DNR or DOA for any purpose including worker's compensation.

Section 5.15. Adequate Funds The Municipality shall have sufficient funds available to repay the Loan. The Municipality shall have sufficient funds available when construction of the Project is completed to ensure effective operation and maintenance of the Project for purposes constructed.

Section 5.16. Management The Municipality shall provide and maintain competent and adequate management, supervision, and inspection at the construction site to ensure that the completed work conforms with the Plans and Specifications. The Municipality shall furnish progress reports and such other information as DNR may require.

Section 5.17. Reimbursement Any payment made under the Loan to the Municipality in excess of the amount determined by final audit to be due the Municipality shall be reimbursed to DOA within 60 days after DNR or DOA provides a notice of overpayment.

Section 5.18. Unpaid User Fees The Municipality shall, to the fullest extent permitted by law, take all actions necessary to certify any unpaid User Fees to the county treasurer in order that such unpaid User Fees shall be added as a special charge to the property tax bill of the user.

Section 5.19. Rebates The Municipality agrees to pay to the SDWLP any refunds, rebates, credits, or other amounts received for Project Costs that have already been funded by the SDWLP. The SDWLP shall then apply the amount it receives as a Loan prepayment.

Section 5.20. Maintenance of Legal Existence

(a) Except as provided in par. (b), the Municipality shall maintain its legal existence and shall not dissolve or otherwise dispose of all or substantially all of its assets and shall not consolidate with or merge into another legal entity.

(b) A Municipality may consolidate with or merge into any other legal entity, dissolve or otherwise dispose of all of its assets or substantially all of its assets, or transfer all or substantially all its assets to another legal entity (and thereafter be released of all further obligation under this FAA and the Municipal Obligations) if:

- (1) the resulting, surviving, or transferee legal entity is a legal entity established and duly existing under the laws of Wisconsin;
- (2) such resulting, surviving, or transferee legal entity is eligible to receive financial assistance under the Act;
- (3) such resulting, surviving, or transferee legal entity expressly assumes in writing all of the obligations of the Municipality contained in this FAA and the Municipal Obligations and any other documents the SDWLP deems reasonably necessary to protect its environmental and credit interests; and
- (4) the SDWLP consents in writing to such transaction, which consent may be withheld in the absolute discretion of the SDWLP.

Section 5.21. Wage Rate Requirements The Municipality represents that it shall comply with Section 1450(e) of the Safe Drinking Water Act (41 USC 300j-9(e)), which requires that all laborers and mechanics employed by contractors and subcontractors funded directly by, or assisted in whole or in part with, funding under this Loan shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor (DOL) in accordance with subchapter IV of chapter 31 of title 40, United States Code.

Section 5.22. Use of American Iron and Steel The Municipality agrees to comply with requirements for Use of American Iron and Steel contained in Public Law 115-141 for products used in the Project that are made primarily of iron and steel.

ARTICLE VI
MISCELLANEOUS

Section 6.01. Notices All notices, certificates, or other communications hereunder shall be sufficiently given, and shall be deemed given, when hand delivered or mailed by registered or certified mail, postage prepaid, return receipt requested to the addresses set forth below:

- (a) Department of Administration
Office of Capital Finance
Safe Drinking Water Loan Program
101 East Wilson Street, 10th Floor
Madison, WI 53702-0004
or
PO Box 7864
Madison, WI 53707-7864
- (b) Department of Natural Resources
Bureau of Community Financial Assistance
101 South Webster Street
Madison, WI 53702-0005
or
PO Box 7921
Madison, WI 53707-7921
- (c) U.S. Bank Corp Trust
Matthew Hamilton EP-MN-WS3T
60 Livingston Avenue
St. Paul, MN 55101-2292
- (d) City of Waukesha
201 Delafield Street
Waukesha, WI 53188

Any of the foregoing parties may designate any further or different addresses to which subsequent notices, certificates, or other communications shall be sent, by notice in writing given to the others. Any notice herein shall be delivered simultaneously to DNR and DOA.

Section 6.02. Binding Effect This FAA shall be for the benefit of, and shall be binding upon, the SDWLP and the Municipality and their respective successors and assigns.

Section 6.03. Severability In the event any provision of this FAA shall be held illegal, invalid, or unenforceable by any court of competent jurisdiction, such holding shall not invalidate, render unenforceable, or otherwise affect any other provision hereof.

Section 6.04. Amendments, Supplements, and Modifications This FAA may be amended, supplemented, or modified to provide for additional loans for the Project by the SDWLP to the Municipality or for other purposes. All amendments, supplements, and modifications shall be in writing between the SDWLP, by DNR and DOA acting under authority of the Act, and the Municipality.

Section 6.05. Execution in Counterparts This FAA may be executed in several counterparts, each of which shall be an original, and all of which shall constitute but one and the same instrument.

Section 6.06. Applicable Law This FAA shall be governed by and construed in accordance with the laws of the State, including the Act.

Section 6.07. Benefit of Financial Assistance Agreement This FAA is executed, among other reasons, to induce the purchase of the Municipal Obligations. Accordingly, all duties, covenants, obligations, and agreements of the Municipality herein contained are hereby declared to be for the benefit of, and are enforceable by, the SDWLP, its Trustee, or its authorized agent.

Section 6.08. Further Assurances The Municipality shall, at the request of DNR and DOA, authorize, execute, acknowledge, and deliver such further resolutions, conveyances, transfers, assurances, financing statements, and other instruments as may be necessary or desirable for better assuring, conveying, granting, assigning, and confirming the rights, security interests, and agreements granted or intended to be granted by this FAA and the Municipal Obligations.

Section 6.09. Assignment of Municipal Obligations The Municipality hereby agrees that the Municipal Obligations may be sold, transferred, pledged, or hypothecated to any third party without the consent of the Municipality.

Section 6.10. Covenant by Municipality as to Compliance with General Resolution The Municipality covenants and agrees that it shall comply with the provisions of the General Resolution with respect to the Municipality and that the Trustee and the owners of the Bonds shall have the power and authority provided in the General Resolution. The Municipality further agrees to aid in the furnishing to DNR, DOA, or the Trustee of opinions that may be required under the General Resolution.

Section 6.11. Termination This FAA may be terminated in whole or in part pursuant to one or more of the following:

- (a) The SDWLP and the Municipality may enter into an agreement to terminate this FAA at any time. The termination agreement shall establish the effective date of termination of this FAA, the basis for settlement of termination costs, and the amount and date of payment of any sums due either party.
- (b) If the Municipality wishes to unilaterally terminate all or any part of the Project work for which financial assistance has been awarded, the Municipality shall promptly give written notice to DNR. If the SDWLP determines that there is a reasonable basis for the requested termination, the SDWLP may enter into a termination agreement, including provisions for FAA termination costs, effective with the date of cessation of the Project work by the Municipality. If the SDWLP determines that the Municipality has ceased work on the Project without reasonable basis, the SDWLP may unilaterally terminate financial assistance or rescind this FAA.

Section 6.12. Rescission The SDWLP may rescind this FAA prior to the first disbursement of any funds hereunder if it determines that:

- (a) there has been substantial non-performance of the Project work by the recipient without justification under the circumstances;
- (b) there is substantial evidence this FAA was obtained by fraud;
- (c) there is substantial evidence of gross abuse or corrupt practices in the administration of the Project;
- (d) the Municipality has failed to comply with the covenants contained in this FAA; or
- (e) any of the representations of the Municipality contained in this FAA were false in any material respect.

IN WITNESS WHEREOF, the SDWLP and the Municipality have caused this FAA to be executed and delivered, as of the date and year first written above.

CITY OF WAUKESHA

By: Shawn N. Reilly
Shawn N. Reilly
Mayor

Attest: Gina L. Kozlik
Gina L. Kozlik
Clerk-Treasurer

STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION

By: _____
Authorized Officer

STATE OF WISCONSIN
DEPARTMENT OF NATURAL RESOURCES

By: _____
Authorized Officer

EXHIBIT A
PROJECT BUDGET SHEET

CITY OF WAUKESHA
SDWLP Project No. 7000-02

	Total Project Costs	Costs Paid with Municipal Funds	Net SDWLP Loan Amount
Force Account	41,095		41,095
Interim Financing	0		0
Preliminary Engineering	4,533		4,533
Land or Easement Acquisition	0		0
Engineering/Construction Mgmt.	231		231
Construction/Equipment	2,498,616	1,870,301	628,315
Contingency	0		0
Miscellaneous Costs	101		101
SDWLP Closing Costs	10,000		10,000
TOTAL	2,554,576		684,275

City of Waukesha, Wisconsin

Project # 7000-02 Safe Drinking Water Loan Program

Loan Closing Date:

June 27, 2018

Exhibit B-1

<u>Payment Date</u>	<u>Principal Payment</u>	<u>Interest Rate</u>	<u>Interest Payment</u>	<u>Principal & Interest</u>	<u>Bond Year Debt Service</u>	<u>Calendar Year Debt Service</u>
1-Nov-18		1.870%	4,407.49	4,407.49		4,407.49
1-May-19	28,528.91	1.870%	6,397.97	34,926.88	39,334.37	
1-Nov-19		1.870%	6,131.23	6,131.23		41,058.11
1-May-20	29,062.40	1.870%	6,131.23	35,193.63	41,324.86	
1-Nov-20		1.870%	5,859.49	5,859.49		41,053.12
1-May-21	29,605.87	1.870%	5,859.49	35,465.36	41,324.85	
1-Nov-21		1.870%	5,582.68	5,582.68		41,048.04
1-May-22	30,159.50	1.870%	5,582.68	35,742.18	41,324.86	
1-Nov-22		1.870%	5,300.69	5,300.69		41,042.87
1-May-23	30,723.48	1.870%	5,300.69	36,024.17	41,324.86	
1-Nov-23		1.870%	5,013.42	5,013.42		41,037.59
1-May-24	31,298.01	1.870%	5,013.42	36,311.43	41,324.85	
1-Nov-24		1.870%	4,720.79	4,720.79		41,032.22
1-May-25	31,883.28	1.870%	4,720.79	36,604.07	41,324.86	
1-Nov-25		1.870%	4,422.68	4,422.68		41,026.75
1-May-26	32,479.50	1.870%	4,422.68	36,902.18	41,324.86	
1-Nov-26		1.870%	4,118.99	4,118.99		41,021.17
1-May-27	33,086.87	1.870%	4,118.99	37,205.86	41,324.85	
1-Nov-27		1.870%	3,809.63	3,809.63		41,015.49
1-May-28	33,705.59	1.870%	3,809.63	37,515.22	41,324.85	
1-Nov-28		1.870%	3,494.48	3,494.48		41,009.70
1-May-29	34,335.89	1.870%	3,494.48	37,830.37	41,324.85	
1-Nov-29		1.870%	3,173.44	3,173.44		41,003.81
1-May-30	34,977.97	1.870%	3,173.44	38,151.41	41,324.85	
1-Nov-30		1.870%	2,846.40	2,846.40		40,997.81
1-May-31	35,632.06	1.870%	2,846.40	38,478.46	41,324.86	
1-Nov-31		1.870%	2,513.24	2,513.24		40,991.70
1-May-32	36,298.38	1.870%	2,513.24	38,811.62	41,324.86	
1-Nov-32		1.870%	2,173.85	2,173.85		40,985.47
1-May-33	36,977.16	1.870%	2,173.85	39,151.01	41,324.86	
1-Nov-33		1.870%	1,828.11	1,828.11		40,979.12
1-May-34	37,668.63	1.870%	1,828.11	39,496.74	41,324.85	
1-Nov-34		1.870%	1,475.91	1,475.91		40,972.65
1-May-35	38,373.03	1.870%	1,475.91	39,848.94	41,324.85	
1-Nov-35		1.870%	1,117.12	1,117.12		40,966.06
1-May-36	39,090.61	1.870%	1,117.12	40,207.73	41,324.85	
1-Nov-36		1.870%	751.63	751.63		40,959.36
1-May-37	39,821.60	1.870%	751.63	40,573.23	41,324.86	
1-Nov-37		1.870%	379.29	379.29		40,952.52
1-May-38	40,566.26	1.870%	379.29	40,945.55	41,324.84	40,945.55
Totals	684,275.00		140,231.60	824,506.60	824,506.60	824,506.60
Net Interest Rate				1.8700%		
Bond Years				7,499.0165		
Average Life				10.9591		

The above schedule assumes full disbursement of the loan on the loan closing date.

30-May-18 Wisconsin Department of Administration

EXHIBIT C

FORM OF LOAN DISBURSEMENT TABLE

<u>Amount of Disbursement</u>	<u>Date of Disbursement</u>	<u>Series of Bonds</u>	<u>Principal Repaid</u>	<u>Principal Balance</u>
\$ _____	_____	_____	\$ _____	\$ _____
\$ _____	_____	_____	\$ _____	\$ _____
\$ _____	_____	_____	\$ _____	\$ _____
\$ _____	_____	_____	\$ _____	\$ _____
\$ _____	_____	_____	\$ _____	\$ _____
\$ _____	_____	_____	\$ _____	\$ _____
\$ _____	_____	_____	\$ _____	\$ _____
\$ _____	_____	_____	\$ _____	\$ _____
\$ _____	_____	_____	\$ _____	\$ _____

EXHIBIT D

OPERATING CONTRACTS

As of the date of this FAA, the Municipality does not have any contracts with private entities or other governmental units to operate its Water System.

EXHIBIT E

**ENVIRONMENTAL IMPROVEMENT FUND
CONTRACT UTILIZATION OF DISADVANTAGED BUSINESS ENTERPRISES (DBE)**

MANDATORY PROJECT CLOSEOUT DOCUMENT

Note: This form is authorized by s. NR 166.16(4)(b)4, Wis. Adm. Code. Receipt of this completed form by the Department is mandatory prior to receiving a final disbursement. The information printed on this form is taken from the completed Good Faith Certification Form 8700-294 and MBE/WBE Contacts Worksheet Form 8700-294A. Any changes or additions made to the list of prime contractors and DBE subcontractors during the construction must be reflected on this form at closeout. Personal information collected on this form will be used for program administration and must be made available to requesters as required by Wisconsin Open Records Law (ss. 19.31 – 19.39, Wis. Stats).

Municipality Name: City of Waukesha	Project Number: 7000-02	Loan/Grant Amount: \$684,275
Project Description: Upsize Watermain - West Main St. - 2016 Season		
Did the municipality satisfy the MBE/WBE requirements? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (If no, refer to Exhibit F-Project Manager Summary Page).		

Construction/Equipment/Supplies Contracts	DBE Type	Type of Product or Service *	Contract Estimate \$	Actual Amount Paid to MBE/WBE Firm
				Municipality Completes at Project Closeout
Prime: Advance Construction, Inc.	<input type="checkbox"/> MBE <input type="checkbox"/> WBE <input type="checkbox"/> Other <input checked="" type="checkbox"/> N/A	Construction	\$2,498,614.58	
Sub: Hard Rock Sawing & Drilling	<input type="checkbox"/> MBE <input checked="" type="checkbox"/> WBE <input type="checkbox"/> Other	Sawcutting	\$1,504.00	
Sub:	<input type="checkbox"/> MBE <input type="checkbox"/> WBE <input type="checkbox"/> Other			
Sub:	<input type="checkbox"/> MBE <input type="checkbox"/> WBE <input type="checkbox"/> Other			
Sub:	<input type="checkbox"/> MBE <input type="checkbox"/> WBE <input type="checkbox"/> Other			
Sub:	<input type="checkbox"/> MBE <input type="checkbox"/> WBE <input type="checkbox"/> Other			
Prime:	<input type="checkbox"/> MBE <input type="checkbox"/> WBE <input type="checkbox"/> Other <input type="checkbox"/> N/A			
Sub:	<input type="checkbox"/> MBE <input type="checkbox"/> WBE <input type="checkbox"/> Other			
Sub:	<input type="checkbox"/> MBE <input type="checkbox"/> WBE <input type="checkbox"/> Other			
Sub:	<input type="checkbox"/> MBE <input type="checkbox"/> WBE <input type="checkbox"/> Other			
Sub:	<input type="checkbox"/> MBE <input type="checkbox"/> WBE <input type="checkbox"/> Other			
Sub:	<input type="checkbox"/> MBE <input type="checkbox"/> WBE <input type="checkbox"/> Other			
Prime:	<input type="checkbox"/> MBE <input type="checkbox"/> WBE <input type="checkbox"/> Other <input type="checkbox"/> N/A			
Sub:	<input type="checkbox"/> MBE <input type="checkbox"/> WBE <input type="checkbox"/> Other			
Sub:	<input type="checkbox"/> MBE <input type="checkbox"/> WBE <input type="checkbox"/> Other			
Sub:	<input type="checkbox"/> MBE <input type="checkbox"/> WBE <input type="checkbox"/> Other			
Sub:	<input type="checkbox"/> MBE <input type="checkbox"/> WBE <input type="checkbox"/> Other			
Sub:	<input type="checkbox"/> MBE <input type="checkbox"/> WBE <input type="checkbox"/> Other			
				Total MBE \$ _____
				Total WBE \$ _____

Professional/Technical Services Contracts	DBE Type	Type of Product or Service	Contract Estimate \$	Actual Amount Paid to MBE/WBE Firm
				Municipality Completes at Project Closeout
Prime: AECOM	<input type="checkbox"/> MBE <input type="checkbox"/> WBE <input type="checkbox"/> Other <input checked="" type="checkbox"/> N/A	Engineering	\$4,532.65	
Sub:	<input type="checkbox"/> MBE <input type="checkbox"/> WBE <input type="checkbox"/> Other			
Sub:	<input type="checkbox"/> MBE <input type="checkbox"/> WBE <input type="checkbox"/> Other			
Prime: Giles Engineering Associates, Inc.	<input type="checkbox"/> MBE <input type="checkbox"/> WBE <input type="checkbox"/> Other <input checked="" type="checkbox"/> N/A	Engineering	\$231.00	
Sub:	<input type="checkbox"/> MBE <input type="checkbox"/> WBE <input type="checkbox"/> Other			
Sub:	<input type="checkbox"/> MBE <input type="checkbox"/> WBE <input type="checkbox"/> Other			
Prime:	<input type="checkbox"/> MBE <input type="checkbox"/> WBE <input type="checkbox"/> Other <input type="checkbox"/> N/A			
Sub:	<input type="checkbox"/> MBE <input type="checkbox"/> WBE <input type="checkbox"/> Other			
Sub:	<input type="checkbox"/> MBE <input type="checkbox"/> WBE <input type="checkbox"/> Other			
				Total MBE \$ _____
				Total WBE \$ _____

*Type of Product or Service examples: landscaping, trucking, supplies, equipment, paving, concrete, plumbing, electrical, excavating, testing, design, etc.

Name of Person Completing This Form	Email Address	Phone Number
-------------------------------------	---------------	--------------

Certification		
I certify that, to the best of my knowledge and belief, the information provided on this form is complete and correct.		
Name/Title of Municipal Official	Signature	Date Signed

EXHIBIT F

PROJECT MANAGER SUMMARY PAGE

CITY OF WAUKESHA
SDWLP Project No. 7000-02

1. **Project Description:** This Project includes installation of 24-inch, 16-inch, 12-inch, and 8-inch water mains as part of the Municipality's West Main Street Utility and Street Improvements project in 2016. In addition, the Project includes installation of 2 hydrants, and 22 water service connections. The Project is one of multiple projects being constructed in preparation for the new Great Lakes water source. Anticipated new pressure levels and different flows require distribution system upgrades. The Project falls under the umbrella Intent to Apply and Project Priority Score for the overall Great Lakes water project.
2. **Ineligible Costs:** Costs were included in the construction contract that are not related to this watermain Project and are, therefore, ineligible for SDWLP funding. Municipal funds were used to pay for ineligible costs related to sanitary sewers, street reconstruction, street lighting, and storm sewers.
3. **Other Funding Sources:** Municipal Funds covered \$1,870,301 of the construction contract.
4. **Miscellaneous Costs:** As shown in the Project Budget Sheet (Exhibit A), SDWLP funding in the amount of \$101 is included in the Miscellaneous category for parts purchased by the Municipality from American Copper & Brass, LLC.
5. **Contingency Allowance:** Project construction is complete; therefore, no Contingency is included in the Project budget.
6. **DBE Good Faith Effort:** The Municipality and its contractors made good faith efforts to solicit DBE participation in the Project. One WBE, Hard Rock Sawing and Drilling, was utilized in the construction of the Project.
7. **Green Project Reserve:** No components of this Project were identified as Green Project Reserve costs.
8. **Use of American Iron and Steel:** This Project is subject to the Use of American Iron and Steel (UAIS) requirements mandated under EPA's Drinking Water State Revolving Fund program.

EXHIBIT G

FEDERAL REQUIREMENTS COMPLIANCE CERTIFICATION

**[Prepare on Municipal Letterhead at Project
Completion and Closeout]**

The undersigned officials of the City of Waukesha (the "Municipality") hereby certify that, for all expenditures made for construction of DNR Project No. 7000-02 (the "Project"), the Municipality has met the prevailing wage rate requirements of the Davis-Bacon Act.

The Municipality further certifies that, after taking into account any national or project-specific waivers approved by the U.S. Environmental Protection Agency, DNR Project No. 7000-02 has met the requirements for the Use of American Iron and Steel mandated under EPA's Drinking Water State Revolving Fund program.

The above certification is determined, after due and diligent investigation, to be true and accurate to the best of my knowledge.

By: _____
[Name of Highest Elected Official or
Authorized Representative]
[Title]

Dated as of: _____

Attest: _____
[Name of Clerk or Secretary]
[Title]

Dated as of: _____